

**MINUTES OF THE SPECIAL MEETING
OF THE HAWAII PUBLIC HOUSING AUTHORITY
HELD AT 1002 N. SCHOOL STREET, BUILDING E,
ON THURSDAY, MAY 5, 2011
IN THE CITY AND COUNTY OF HONOLULU, STATE OF HAWAII**

The Board of Directors of the Hawaii Public Housing Authority met for their Special Meeting at 1002 N. School Street, on Thursday, May 5, 2011 at 10:00 a.m.

The meeting was called to order by Chairperson Travis Thompson and those present and excused were as follows:

PRESENT:

Chairperson Travis Thompson
Vice-Chair Eric Beaver
Director Rene Berthiaume
Director Sherrilee Dodson
Director Roger Godfrey
Director Carol Ignacio
Director Patricia McManaman
Director Debbie Shimizu
Director Matilda Yoshioka

Denise Wise	Executive Director
Sandra Ching	Deputy Attorney General
Jennifer Sugita	Deputy Attorney General

EXCUSED:

Director Sam Aiona

STAFF PRESENT:

Barbara Arashiro	Executive Assistant
Nicholas Birck	Housing Planner
Stephanie Fo	Property Management and Maintenance Services Branch Chief
Rick Sogawa	Contract and Procurement Officer
Taryn Chikamori	Secretary to the Board

OTHERS:

Donald Nitta	Neighborhood Board #14
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Chairperson Thompson welcomed and introduced Ms. Jennifer Sugita, Deputy Attorney General. Ms. Sandra Ching reported that Ms. Sugita previously worked at the prosecutors' office and various private agencies.

Proceedings:

Chairperson Thompson declared a quorum present.

There were no minutes submitted for approval.

Public Testimony:

There was no public testimony given.

Director McManaman and Director Shimizu arrived at 10:10 a.m.

For Action:

Motion: To Adopt Resolution No. 45 Authorizing the Executive Director to Execute Loan Documents for a Capital Funds Loan in an Amount Up to Three Million Nine Hundred Thousand Dollars and to Execute any and all Contracts and Required Legal Documents Related to the Mixed Finance Redevelopment Project at Kuhio Park Terrace And Kuhio Homes.

Director Dodson moved and Director Berthiaume seconded.

Staff reported that there are two contracts which were executed before the sale of the Kuhio Park Terrace towers. The two contracts are the elevator modernization and the repair of the trash chutes which total \$3.9 million. Construction on both contracts had started prior to the sale so the remaining balance on the elevator contract is \$706,000 and the balance on the trash chute contract is \$816,000. The elevator contract is funded with Capital Improvement Project (CIP) funds. The completion on the freight elevator repair is delayed due to the collapse of the incinerator wall and the impact on the trash chutes.

Staff reported the Hawaii Public Housing Authority (HPHA) wants to assign the two contracts to Michaels Development. Michaels Development will pay the contractor and the HPHA will reimburse Michaels Developments through invoices. The HPHA is assigning the contracts rather than terminating the contracts because the funds would be de-obligated and returned to the State if the contract is cancelled. The Attorney General's office has reviewed the assignment documents. Both contracts are almost completed.

The motion was unanimously carried.

Director Beaver arrived at 10:15 a.m.

Motion: To Adopt Board Resolution No. 47 to Accept the Hawaii Public Housing Authority's Scores Under the Public Housing Assessment System, Management Assessment Indicator for Fiscal Year Ended June 30, 2010.

Director Dodson moved and Director Beaver seconded.

Staff reported the U.S. Department of Housing and Urban Development (HUD) grades the HPHA on the Public Housing Assessment System (PHAS). One of the components of the PHAS rating system is the Management Assessment System (MASS). Within MASS there are four different categories which are: Capital, 10 point; Physical, 30 points; Financial, 40 points; and Management, 20 points, these equal a total of 100 points.

Staff reported that the MASS was due to HUD on April 30, 2011. However the HPHA missed the deadline because: 1) the HPHA received a waiver dated July 2010 staff believed the waiver was for 2010, but it was for 2009; and 2) the MASS requires a Board Resolution upon submission and this requirement surfaced after the publication of the HPHA's April 2011 Board agenda. There was not ample notice time left to amend the agenda.

Staff reported that a late submittal may result in a 0 score for the MASS.

Director Ignacio questioned the zero for emergency work orders. Ms. Fo reported that because only 2640 out of 2809 were abated within 24 hours, HPHA has earned a 0 score for that subindicator. Staff now needs to check the reasons. Sometimes the work is completed but the work orders are not closed out timely or only part of the work order was completed because parts needed to be ordered.

Chairperson Thompson asked staff to cover issues and challenges the HPHA has in a future meeting. He would also like staff to review the HUD PowerPoint with the Board.

Director McManaman asked that staff report in a future meeting why the HPHA has one finding from 2002 under Adequacy of Contract Administration that appears to be outstanding since 1998.

The motion was unanimously carried.

For Discussion:

For Discussion: Report of Department of the Attorney General regarding compliance issues related to the Annual Contributions Contract (ACC) and the Corrective Action Order dated September 10, 2002 (CAO) between the U.S. Department of Housing and Urban Development and HPHA.

Motion: To go into executive session at 10:40 a.m. pursuant to Hawaii Revised Statutes sections 92-4 and 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities.

Director McManaman moved and Director Ignacio seconded.

The motion was unanimously carried.

RESOLUTION NO. 45

HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE LOAN DOCUMENTS FOR A CAPITAL FUNDS LOAN IN AN AMOUNT UP TO THREE MILLION NINE HUNDRED THOUSAND DOLLARS AND TO EXECUTE ANY AND ALL CONTRACTS AND REQUIRED LEGAL DOCUMENTS RELATED TO THE MIXED FINANCE REDEVELOPMENT PROJECT AT KUHIO PARK TERRACE AND KUHIO HOMES

WHEREAS, on August 20, 2009, the Hawaii Public Housing Authority (HPHA) Board of Directors approved the selection of The Michaels Development Company I, L.P., ("Michaels") to undertake a mixed finance redevelopment project at the Kuhio Park Terrace and Kuhio Homes (KPT/KH); and

WHEREAS, on November 22, 2010, the HPHA Board of Directors authorized the Executive Director to execute any and all contracts and required legal documents related to the mixed finance redevelopment project at the KPT/KH Redevelopment; and

WHEREAS on December 16, 2010, the HPHA Board of Directors authorized the Executive Director to proceed with the Ground Lease and the Disposition Application to HUD for the disposition of KPT/KH Redevelopment and to further negotiate all documents in connection with such closing; and

WHEREAS, the first phase of the KPT/KH Redevelopment shall be the Kuhio Park Terrace Towers and shall consist of the rehabilitation of the existing units at the two towers at KPT/KH into 555 low income housing units, 347 of which will remain public housing units, 150 will become project based voucher units, and 58 shall be low income housing tax credit only units (the "Development"); and

WHEREAS, the HPHA prepared submissions to the U.S. Department of Housing and Urban Development (HUD) in order to proceed with the Development with Michaels and on April 7, 2011 HPHA received a conditional HUD approval to proceed to financial closing and to execute all evidentiary documents, as listed in Attachment 1 hereto (the "HUD Evidentiary Documents"); and

WHEREAS, since the execution of the prior resolutions, the Executive Director has determined that it is necessary to also loan up to \$3,900,000 in Capital Funds to KPT Towers 1, LLC, the owner entity of the first phase of the KPT/KH Redevelopment and an affiliate of Michaels, to complete work on the elevators, dry standpipes, trash chutes and environmental remediation, as more particularly described in that certain Capital Funds Loan Agreement to be executed between HPHA and KPT Towers 1, LLC (the "Capital Funds Loan"); and

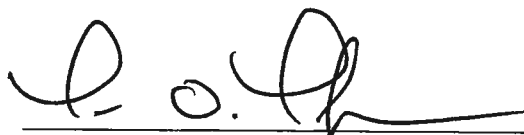
WHEREAS, HPHA now seeks this resolution to approve the Capital Funds Loan and to ratify its earlier resolution granting the Executive Director the authority to execute any and all contracts

and required legal documents related to the mixed finance closing of the Kuhio Park Terrace Towers project.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority as follows:

1. The HUD Evidentiary Documents referenced herein, and attached hereto, are hereby approved subject to review and approval of HPHA counsel; and all revisions to said HUD Evidentiary Documents as requested by HUD or as may be necessary to correct errors or to reflect final refinements of the transaction, are hereby agreed and approved; except, however, that to the extent the HUD Evidentiary Documents are revised beyond pro forma and deal-specific modifications and in a manner inconsistent with this resolution, they are to be re-submitted to the Board of Directors.
2. The Executive Director is further authorized to enter into that certain Capital Funds Loan and loan up to \$3,900,000 to KPT Towers 1, LLC as set forth in the Capital Fund Loan Documents indentified in Attachment 1.
3. The Executive Director is further authorized to execute a HAP Contract for 150 project based vouchers at the Development.
4. The Executive Director and/or her designees are hereby authorized to negotiate and execute any and all other documents and take any other actions in her judgment deemed necessary or desirable to implement the foregoing Resolutions and any and to execute all other documents or take any other actions that are in her judgment deemed necessary or desirable to effectuate the redevelopment and/or financing of the Project. The execution and delivery of such documents and performance of such actions by the Executive Director and/or her designees shall be conclusive evidence of approval by HPHA.
5. Any action by any person or persons designated and authorized so to act by the Board of Directors under this Resolution to do and perform, or cause to be done and performed, in name and on behalf of HPHA, in furtherance of the purposes hereunder is hereby approved, ratified and confirmed.
6. Resolution 33 enacted on November 18, 2010 and Resolution 38 enacted on December 16, 2010 are hereby ratified and confirmed in their entirety, except as further refined and clarified in this Resolution.

The UNDERSIGNED, hereby certifies that the foregoing resolution was duly adopted by the Directors of the Hawaii Public Housing Authority on May 5, 2011 in Honolulu, Hawaii.



Travis O. Thompson, Chairperson

RESOLUTION NO. 47

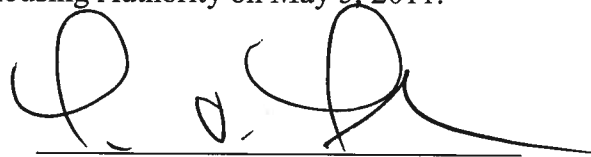
HAWAII PUBLIC HOUSING AUTHORITY
STATE OF HAWAII

WHEREAS, the Board of Directors of the Hawaii Public Housing Authority, in compliance with the U.S. Department of Housing and Urban Development (HUD) management performance requirements for Fiscal Year 2009-2010, has reviewed the Public Housing Assessment System (PHAS) Management Operations Certification herein attached; and

WHEREAS, the PHAS provides policies and procedures for HUD's use in identifying Public Housing Agency management capabilities and deficiencies; and

BE IT RESOLVED, that the Board of Directors of the Hawaii Public Housing Authority hereby approve the PHAS Management Operations Certification for FY ending June 30, 2010.

The UNDERSIGNED, hereby certifies that the foregoing Resolution was duly adopted by the Board of Directors of the Hawaii Public Housing Authority on May 5, 2011.



Travis O. Thompson, Chairperson

The Board reconvened from Executive Session at 11:54 a.m.

Chairperson Thompson reported the Board discussed the report with the Deputy Attorney General.

With no further business for the board to conduct Chairperson Thompson called for a motion to adjourn.

Director Dodson moved to adjourn and Director Berthiaume seconded.

The motion was unanimously carried.

The meeting adjourned at 11:55 a.m.

MINUTES CERTIFICATION

Minutes Prepared by:



Taryn T. Chikamori
Secretary to the Board/Recording Secretary

MAY 19 2011

Date

Approved by the HPHA Board of Directors at their Regular Meeting on May 19, 2011



Matilda Yoshioka
Director/Board Secretary

MAY 19 2011

Date